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C O N F I D E N T I A L SECTION 01 OF 02 ASMARA 000362

SIPDIS

DEPARTMENT FOR AF/E,
LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: DECL: 07/17/2018
TAGS: [ECON](#) [PGOV](#) [PREL](#) [ENRG](#) [PINR](#) [ASEC](#) [ER](#)
SUBJECT: ERITREA TEMPORARILY AVOIDS FUEL CRISIS

REF: A. ASMARA 258
[1](#)B. ASMARA 338
[1](#)C. ASMARA 300

Classified By: Ambassador Ronald K. McMullen for Reason 1.4 (d)

[1](#)1. (C) Summary: Eritrea managed to avoid an electricity supply disaster in June by finding a new supplier of generator lubricant. An unknown supplier is sending a barge to restock Eritrea's depleted automotive and aviation fuel supplies. Embassy Asmara will receive its diesel fuel the week of July 21. End Summary

MUCH NEEDED FUEL IMPORTS

[1](#)2. (C) Total's Managing Director in Eritrea Mohammed Gbepo (strictly protect) told Emboff that a fuel shipment containing unknown quantities of automotive gasoline, automotive diesel, kerosene, and jet fuel will arrive in the port of Massawa during the week of July 21 from an unspecified country (possibly Saudi Arabia). Gbepo will receive notification a few days before the barge arrives. The fuel will be unloaded into Total's six storage tanks and allocated to customers according to the Petroleum Corporation of Eritrea's (PCE) instructions.

[1](#)3. (C) Gbepo said Total's fuel stocks in Massawa are "empty," which means water must be pumped into the tank to extract additional fuel. After the water is pumped in, the fuel rises to the top and can be safely removed for use. Total's facility in Massawa has six operational tanks with five and one-half million gallons of capacity. Each "empty" tank has approximately 13,000 gallons remaining. There are three additional inoperative tanks that would raise total capacity to seven and three-quarter million gallons, but a \$4 million investment is required to make them functional. Total asked the GSE to allow a \$.002 (1/5 of a cent) price increase per liter to recover the investment over 15 years, an offer the Eritrean government declined.

DIESEL FUEL - ON THE WAY, BUT WHO GETS IT?

[1](#)4. (C) Total's diesel stocks at their facility in Massawa are depleted, meaning water must be pumped into the tanks to separate accumulated sludge in the tanks from the fuel. Gbepo said for the last several weeks the Petroleum Corporation of Eritrea told him to collect fully loaded fuel delivery trucks in Massawa and deliver the fuel to customers. This fuel was not offloaded at the port and came from an

unknown source. Gbepo believes the Eritreans may have an unknown fuel reserve in Assab, while other information available at post indicates the fuel may have been trucked from Sudan. (Note: It's unlikely the fuel came from the strategic reserve in Nefasit, since it is located half-way up the escarpment from Asmara. If needed in Asmara, it would have been sent directly from Nefasit. End Note.)

15. (C) UN and other international organizations have not received their diesel allocations since April (ref A), forcing them to park their diesel fleets and rent gasoline powered cars for operations in Asmara. (Note: gasoline is available commercially. End Note.) The heads of some UN agencies told Emboffs that if diesel deliveries are not resumed by the first week of August they will have to consider drastic reductions in staffing and operations.

EMBASSY ASMARA WILL RECEIVE ITS DIESEL SHIPMENT

16. (C) Despite Total's diesel stocks being mostly depleted, Gbepo was certain the Embassy would receive its 4,500 gallon order next week. (Note: Foreign missions and the UN combined consume about 10% of Eritrea's diesel imports. End Note).

ELECTRICITY - ONE BULLET DODGED, ANOTHER COMING

17. (C) The retracted announcement of planned electricity outages in June (ref B) was due to a shortage of lubricant rather than the heavy fuel oil powering the generators. Gbepo said the generators use about 10 barrels of lubricant

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per day. Tamoil, the Libyan-owned alternate fuel distribution company in Eritrea, could not meet the PCE's supply demands. Total picked up the contract and will provide a shipment of 400 barrels (five to six weeks supply) of lubricant, which will arrive during the week of July 21. (Note: Tamoil was originally awarded the contract despite Total winning the tender, by order of President Isaias. Gbepo believes Tamoil was given the contract as a reward for an unspecified favor by the Libyan government to the GSE. End Note.) Due to a supply disruption from a Dubai refinery, all new lubricant orders will be sent from France, requiring six to eight weeks before shipments arrive. According to Gbepo, the PCE must order another shipment immediately to avoid running out again in early September. When he relayed this information to an unnamed Eritrean government official, he was told callously that if the order was not received by then "the country will not die."

18. (C) During President Isaias' recent visit to Iran, he asked the Iranians for a gift of heavy fuel oil to power the main electrical generators, according to Gbepo. Gbepo said Eritrea's generators will not run on Iran's formulation of heavy fuel oil. Eritrea's generators were produced in South Korea and require fuel refined in Kuwait, Saudi Arabia, Sudan, or one of several East Asian countries. If Iranian heavy fuel oil were put into Eritrea's generators, the generators would cease functioning in about 1 month.

19. (C) According to Gbepo, Total had about 100,000 gallons of heavy fuel oil remaining in June until the GSE ordered him to distribute 50,000 to the Eritrean Electric Corporation (EEC). The EEC normally purchases its fuel directly from the PCE, not Total. Gbepo said Total normally distributes 100,000 gallons of heavy fuel oil per month to various customers.

AVIATION FUEL

110. (C) The Eritrean government ordered Total to halt converting aviation fuel to kerosene (ref C), and some aviation supplies exist. Egypt Air, which was told in May that it could no longer refuel its aircraft in Asmara, is now able to purchase just enough fuel to make the return flight

to Cairo fully loaded. VIP planes landing in Asmara can also be refueled, but only with the permission of President Isaias.

¶11. (C) Comment: The Eritreans managed to stave off disaster by finding an unknown willing fuel supplier who will overlook their previous repayment problems. Crisis management seems to be the normal operating mode of Eritrea's economic gurus. September is the next time Eritrea is likely to confront dire fuel shortages. End Comment.

MCMULLEN